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FOREIGN AGRICULTURE



November 30, 1970

Record U.S. Farm Exports in 1971

U.S. Farm Exports to Denmark

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

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Many U.S. agricultural exports leave from Port of New York.

By DEWAIN H. RAHE
*Foreign Development and Trade Division
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Exports of U.S. farm products in fiscal 1971 are expected to reach a record high of over \$7 billion—a substantial increase over last year's level of \$6.6 billion and the previous record of \$6.8 billion in fiscal 1967. All of the gain is expected in commercial sales for dollars (when off-shore barter for procurement and short-term credit sales are included). This will account for around 90 percent of the 1970-71 agricultural export value, compared with 85 percent in 1969-70.

Sustained economic growth in the principal importing countries—especially Western Europe and Japan—provides the base for increased demand for agricultural products in foreign markets. For example, economic activity as measured by 1970 industrial production is expected to increase by about 19 percent for Japan, 7 percent for Western Europe, and 3 percent for Canada. Major economic indicators suggest these gains will continue in 1971, although at a somewhat lower rate than in 1970.

Prices rise; grain exports increase

Furthermore, export prices for major agricultural commodities are expected to be higher than those of the past year. Although many of these prospective price gains stem largely from increased demand, reduced supplies of feedgrains and cotton are also a factor.

U.S. Farm Exports Expected To Hit New High in 1971

The value of U.S. grain exports is expected to be about 10 percent above last year's \$2,348 million, with higher prices contributing substantially to the gain. Wheat exports are expected largely to account for the volume increase in foreign sales of grains and preparations; and they should total well over 700 million bushels, compared with last year's 606 million bushels. The decline in European wheat production in 1970 and the reduced volume of carryover stocks at the close of 1969-70 will cause a drop in that area's exports while increasing imports. Thus, the United States can expect to benefit from both increased European demand and the requirements of markets previously supplied by European exports.

In contrast, U.S. exports of feedgrains may be somewhat below the 19 million tons exported in 1969-70—largely because of increased competition from other major suppliers. With increased acreage expected, it appears that Argentina will again have large corn and sorghum crops. Canadian barley and Brazilian and Thai corn also are notable among increasing feedgrain exports. The rising competition is aggravated by the fact that unusually high prices for corn and other feedgrains have allowed lower quality wheat to displace traditional feedgrains in some markets.

U.S. rice exports may be somewhat below the 1969-70 level. Foreign, free world rice production in the past year increased by 9.5 million tons, thus reducing import requirements in many countries while increasing competition in some major dollar markets for rice.

Slower growth for oilseeds and products

The growth in oilseeds and products in 1969-70 is expected to continue at a somewhat slowed rate in 1970-71. However, exports of this group are expected to total around \$2 billion in 1970-71, about one-fifth higher than the record achieved in 1969-70. Much of this increase reflects higher prices, since the volume gain will probably be around 10 percent.

Soybean exports are expected to total around 460 million bushels in 1970-71—about two-fifths of the U.S. production.

The European Community is expected to take substantially more than the 137 million bushels purchased in 1969-70, as European livestock producers are increasing their production volume and efficiency—thus requiring the feeding of high protein concentrates. Japanese soybean imports from the United States are expected to increase over the 95 million bushel level of 1969-70. Expanded livestock production and little expected change in imports from China are major factors underlying the increase.

Exports of cottonseed and soybean oil, which totaled 1.6 million pounds in 1969-70, are expected to be appreciably larger this year. Somewhat smaller exports of cottonseed oil will be more than compensated by larger exports of soybean oil. Again, a significant amount of these oils will move under Government-financed programs—primarily to the developing countries. Foreign export availabilities declined between 1968 and 1970, while foreign demand continued to grow. Thus, the United States was able to capture a larger share of the vegetable oil market in 1969-70 and possibly in 1970-71.

Exports of oil cake and meal may slightly exceed the 3.9 million tons exported in 1969-70. With expanding livestock production, but at a slower rate, demand continues strong for U.S. soybeans in the European market. However, more competition is expected this year from both Peruvian fishmeal and Indian peanut meal.

Major markets to take less tobacco

Tobacco shipments may drop below last year's level of 571 million pounds. Exports to the European Community are expected to be around 20 million pounds below those of the previous year. Also, many countries are maintaining their tobacco stocks at minimum because of the high costs involved in carrying large stocks. However, U.S. tobacco exports

(Continued on page 16)

*U.S. cotton,
grown in
California,
awaits move-
ment to
vessels at
Stockton,
California.
Cotton exports
are expected
to increase
slightly
this year.*



Prospects in Denmark for U.S. Agricultural Exports

By HARLAN J. DIRKS
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A complex push and pull of trends in Danish agriculture, industry, economic policy, and consumer tastes has already affected U.S. farm products in Denmark and now influences future sales.

Some trends, such as greater use of fresh fruits and vegetables in winter diets in Denmark and increasing preference for American-blend cigarette tobacco, could give a boost to U.S. sales. An upswing in Danish hog numbers and the quality preferences of the local mixed feed industry make the U.S. soybean sale outlook bright.

Other trends—more grain growing and less livestock raising by Danish farmers and increased substitution of manmade fibers for cotton in the Danish textile industry—have already nipped Danish imports of U.S. feedgrains and cotton, respectively.

If Denmark and the Common Market countries successfully complete the negotiations for Denmark's becoming a member of the European Communities (EC) that are now in progress, the effect on exports of U.S. farm goods to Denmark could be profound. Sales of grains, tobacco, citrus, and some other fruits and vegetables could tumble. Only sales of U.S. soybeans, provided import conditions into EC countries remain unchanged, would be likely to show immediate growth.

Some of the trends that would apply to Danish agriculture after it came under the EC's Common Agricultural Policy (CAP) are already occurring in a limited way and have already hurt U.S. agricultural sales. For example, in the past 2 years Denmark has become a surplus producer of feedgrains and in 1969-70 exported about 400,000 metric tons of surplus barley with the

aid of export subsidies. This surplus occurred because of relatively high feedgrain support prices within Denmark and unrestricted production.

Subsidizing exports is expensive. So in an effort to deal with the surplus situation, the Danish Government in the spring and summer of 1970 embargoed imports of all barley, oats, feed wheat, feed rye, grain sorghum, and corn. These embargoes were to remain in effect until late summer of 1971. But the corn embargo was lifted.

The feedgrain import embargo was to make local livestock and poultry raisers use up existing Danish feedgrain stocks. It had the effect of cutting off U.S. feedgrain sales to Denmark, which in 1969 were slightly more than 50 percent of all grain sales to Denmark and were worth approximately \$8.4 million. Of this, corn sales were worth \$8 million.

The entry of Denmark into the Common Market would boost farmers' prices for grain in Denmark 50 to 60 percent over present prices and would probably set off a new Danish wave of grain production—especially among smaller landholders who are tending to stop raising livestock because of the shortage of labor for intensive operations.

On the other hand, the top money-maker of U.S. farm exports to Denmark—soybeans—seems to have good prospects for both long-term and short-term sales growth. Last year Danish oilseed crushers tried some other sources for beans besides the United States; but the other beans did not have the crushing yields of U.S. soybeans, and Danish crushers returned to U.S. sources.

Meanwhile, the hog population of Denmark is increasing and more soybeans are needed for feed. Even if Denmark joins the EC, sales of U.S. soybeans should continue excellent as long as EC import laws are unchanged.

The outlook for sales of soybean cake and meal, however, is steadily declining. More and more is being supplied to Denmark by oilseed crushers in neighboring countries (the Netherlands and Germany) that import raw U.S. soybeans, process them, and sell surplus cake and meal in Europe. High freight rates slow sales of U.S.-processed cake and meal.

Good-quality U.S. tobacco has had a growing market in Denmark for the past 10 years, and, under ordinary conditions this trend would probably continue in the future. However, if Denmark joins the Common Market and comes under the new tobacco CAP, American sales of tobacco to Denmark, over the long run, could be reduced.

Another product for which the outlook is temporarily bright is U.S. citrus. After 2 years of short U.S. supplies, during which Spain and Israel established themselves as major suppliers of citrus to Denmark, the United States has a good crop and can offer competitive prices. Further, a promotion campaign held in June 1970 appears to have strengthened the U.S. position in the Danish market.





Left, Danish Landrace sow and piglets. As they grow, the young pigs will switch from milk to feeds with high-protein U.S. soybean meal.

This situation would change drastically if Denmark joins the EC, which has negotiated a series of preferential trade agreements with Mediterranean citrus-supplying countries, such as Spain, Israel, Morocco, and Tunisia. Fresh citrus from Spain and Israel will enter EC countries at 60 percent of normal duty and that from Tunisia and Morocco at 20 percent of normal duty. The disadvantage to imports of U.S. citrus, which would come under full duty, is obvious.

Some U.S. products, however, have held up well in the past against heavy competition. They are some canned fruits and vegetables and raisins, prunes, and nuts. The United States in 1969 was the chief supplier of canned peaches to Denmark with a 45-percent share of the market; it was also the leading seller of canned asparagus. U.S. raisins and prunes continued to do very well and maintained sales of about 95 percent

of the Danish market. U.S. almond sales rose from 9 to 16 percent of the Danish market between 1968 and 1969.

In contrast, sales of U.S. cotton to Denmark dropped even more rapidly than the declining overall cotton market in the country. Sharp price competition from cotton from Peru and Mexico bit into U.S. sales. And at times certain grades of U.S. cotton were unavailable while others had quality problems.

Even if U.S. cotton achieves greater competitiveness in price and better uniformity of quality in the future, the Danish market for U.S. cotton will not expand much. Like many other developed countries, Denmark is importing more and more yarn and fabric from countries with lower wage scales and is therefore using less raw fiber. At the same time, competition from man-made fibers is increasing, and at present only one mill of importance that uses raw cotton is left in Denmark.



Above, fresh fruits and vegetables, some from the United States, at a small Copenhagen supermarket. Left, combine threshes Danish barley, to swell local feedgrain supplies.



United Kingdom Plans To Adopt Variable Levy Farm Support System

The United Kingdom plans to replace its present deficiency payment system of agricultural support with a variable levy system, according to an announcement made late last month by Anthony Barber, Chancellor of the Exchequer. Purpose of the change, he said, is to "improve the method of agricultural support and reduce the cost to the taxpayer."

Commodities that will be affected are cereals, beef and veal, mutton and lamb, and dairy products excluding butter and cheese.

Under the new system, the Government claims that it will be able to cut deficiency payments by as much as \$360 million annually by 1974-75 and that it will benefit from the proceeds of the levies as well, the Chancellor reported.

From the viewpoint of the United States and other traditional suppliers of grain and livestock products to the U.K. market, the new plan represents a profound change in traditional British policy. British market prices have heretofore been left relatively free to fluctuate with international market forces, and have been basically free of protective trade barriers.

Despite the new system's similarity to the EC's common external tariff on goods entering the Community from outside, the Conservative Party has said that the new policy is related primarily to the Government's overall program to reduce Exchequer costs and return to a marketplace economy. The Conservative Party committed itself to this general program both in its preelection platform and in its postelection statement on agricultural policy.

In order to put its total plan into effect, the Government must deal with certain international trade agreements. Mr. Barber, in announcing the new policy, affirmed that the Government intends to deal with these obligations.

U.S. trade interest in the agreements lies in the area of grain exports to the United Kingdom—worth more than \$91 million in the fiscal year 1969-70 and over \$200 million in 1966—which could

be hurt by the proposed British system. Under the General Agreement on Tariffs and Trade (GATT), the United Kingdom has committed itself to maintaining no duties on wheat and corn. (The U.S. right to no duties has been suspended for the duration of the Penta-Partite Agreement, which provides for the temporary use of minimum import prices. These temporary minimum import prices, however, were set in line with recent world price levels. This agreement expires June 30. After that date, U.S. GATT rights, or zero tariff bindings on these products, are restored.

At British invitation, the United

States has started consultations on these agreements. The United States has indicated to Britain that it is determined to safeguard its agricultural export interests by all appropriate means.

Party Reactions

At recent conferences, both the Liberal and Conservative Parties passed resolutions supporting the British Government's proposal to replace deficiency payments with variable levies. The Conservative Party had recommended such an approach last year. The Labour Party did not debate agricultural policy as such at its conference; its policies while in office had relied on deficiency payments but were veering toward some degree of import control.

According to the British, the principal advantage of the proposed system would be an annual saving of \$600 million to the British taxpayer.

The proposed levy arrangements for the interim period (lasting until June

30, 1971) include a variable levy scheme for beef and minor milk products and fixed tariffs on mutton and lamb. For wheat, corn, barley, oats, and sorghum, the British wish to increase minimum import prices by about 25 percent—\$16.80 per ton—as soon as possible within existing levy arrangements. Minimum import prices would also be set for rye, both whole and processed grains.

After June 30, the United Kingdom hopes to put the new system into effect. Under it, new grain import prices would be set and levies would be charged equivalent to the difference between the minimum import price and the lowest current offer price of imports on the British market. Import prices would be set for each major grain separately; these would rise as the season progressed.

Proposals—at present in a preliminary stage—are also being considered for levy schemes to apply to fat cattle and to fresh, chilled, and frozen beef and veal, but not to offals, to salted, dried, or smoked meat, or to beef and veal preparations. These would include a seasonal scale of weekly prices for fat cattle, which would be used to calculate minimum import price scales for the main categories of imported beef and veal—sides, forequarters, and hindquarters. There would be separate scales for fresh and chilled and for frozen beef in these categories.

The levy scheme for mutton and lamb would at first be a flat duty of 3 cents per pound and might be increased subsequently.

The schemes for milk products other than butter and cheese are designed to set higher market prices for these products than have prevailed recently. Minimum import prices and levies would be established for milk powder, condensed milk, and cream. General import levies, if used, would normally represent the difference between the minimum import price and the lowest representative offering price of the product in a preceding period.

Wheat Marketing In Major Exporting Countries



A pelican spout is used to draw a sample of wheat being loaded into a ship's hold at New Orleans. This is just one step in the grading process.

III. how their grading practices compare

By ANDREW B. BELLINGHAM
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This is the third article in a series on wheat marketing by Canada, Australia, Argentina, and the United States. The first two articles dealt with the organization and structural setting of the market, price support systems, domestic marketing, and shipping and storage practices.

Major wheat exporting countries use grading procedures as one of their major marketing tools. To a country where locally produced wheat is consumed at home, rather than exported, grades and related practices to help define market value tend to be of somewhat limited importance. In this case, mill buyers and other wheat users often rely on firsthand knowledge of each season's crop and the quality and condition variations which occur in different growing areas. However, to a country that depends on overseas markets and whose customers have little chance to personally inspect growing areas or to learn about crop conditions, the grading sys-

tem assumes much more importance.

Traditionally, each of the four major wheat exporting countries—the United States, Canada, Argentina, and Australia—has used some kind of grade system covering certain key condition factors including minimum test weight per bushel and maximum foreign material content. Where more than one basic type of wheat is produced, such as soft, hard, or durum, each of the four countries also generally uses practices which maintain the separate identity of each type as it moves through market channels. In each country's grading system maximum moisture limitations are specified and the same limit applies to all of the grades or classes.

In addition to grade and classification systems, each of the four countries uses certain supplementing practices. In Australia and Canada, there are formalized systems which involve determination of samples representative of the supply of each type of wheat that is available for export. The characteristics covered by these samples include not only the formal and permanent grade factors, such as test weight and foreign matter, but extensive listing

of other condition and quality factors as well.

In the case of Australia, each of these samples is represented as a true average of the available wheat, whereas in Canada the method of determination results in a sample which normally is slightly below the true average of available wheat.

Normally, the Australian and Canadian samples show characteristics which exceed permanent grade minimums for all factors. Thus, in the case of both countries, the sample serves as a target to be met by the wheat boards or their agents at point of loading. In fact, in Canada, where the sample is deliberately designed to be slightly below the true average of availability, regulations clearly specify that sample specifications must be met at point of loading. In most years, therefore, this practice is tantamount to enforcement of a standard which supersedes the numerical grade. From the standpoint of the foreign buyer, however, the sample serves more as a guide to what he can expect rather than as a guarantee for each and every specification factor.

In all cases, certain practices exist which can be used to provide buyers with some degree of protein-content assurance. The collection and dissemination of information from producer or Government-sponsored sampling programs is an important source of such service, at least in the case of Canadian, Australian, and U.S. wheat. In addi-

tion, export firms in each country often supplement official grades and other sample information by guaranteeing minimum protein levels as certain importing markets may demand.

Canada

There are at present in Canada three types of wheat, each having several numerical grades: Manitoba Northern 1 through 4, Canada Western Garnet 1 through 3, and Canada Western Amber Durum 1 through 4. Also used are the commercial grades: Number 5 wheat, Number 6 wheat, and Feed wheat. The first three types are statutory grades which have been defined by Parliament and are listed in the Canada Grain Act. Commercial grades are determined each season by the Committee on Western Grain Standards as conditions necessitate, in accordance with provisions of the Grain Act.

Standards are spelled out for statutory grades according to test weight, variety of wheat, percentage of hard vitreous kernels, degree of soundness, and maximum limits of foreign material. Standards for commercial grades include the same factors except for percentage of hard vitreous kernels.

All wheat from designated areas in Canada is pooled by grade assigned by the country elevator. If the farmer and elevator operator disagree, a sample is forwarded to the chief grain inspector at any inspection point. Assuming the identity of the wheat has not been changed, a producer or his agent may appeal the grade to the chief inspector and finally to the grain tribunal of the Board of Grain Commissioners.

In addition to the grade determinations at the point of delivery, wheat is officially graded by the Board of Grain Commissioners grain inspection branch as it moves through an inspection point (for example, Winnipeg, Edmonton, or Calgary) enroute to terminal or mill elevators. The grain is rechecked at the terminals. Because the wheat is not cleaned at country points and therefore often arrives at export positions in poor condition, all wheat is cleaned prior to export.

The Board of Grain Commissioners, annually prior to July 1, must form a Committee on Western Grain Standards and a Committee on Eastern Grain Standards to select standard samples to be used in the crop year beginning August 1. The western committee is made up of Board of Grain Commis-

sioners personnel, a flour milling representative, various grower representatives from the western Provinces, and one individual from the Plant Products Division of the Canada Department of Agriculture.

As soon as possible after August 1, the Board of Grain Commissioners collects samples of that year's crop of western wheat, prepares tentative standard samples of the statutory grades (and commercial grades as necessary), and obtains reports on their milling and baking qualities. At this time, the western committee meets and decides the standard samples and standard export samples to serve as the minimum for each grade. The standard export samples are prepared by mixing three parts of grain equal to the general average of the grade and one part equal to the statutory minimum for the grade.

As an example, the composition of the 1968-69 standard export sample for No. 2 Manitoba Northern wheat, which normally accounts for most of Canada's wheat exports, was: 63.4 pounds test weight, total foreign material including other cereal grains 0.4 percent, including 0.15 percent other seeds, wheat of other classes and varieties not equal to Marquis, including 0.2 percent contrasting classes.

The statutory grade standards for No. 2 Manitoba Northern wheat are as follows: Minimum 58 pounds test weight, Marquis or any variety equal to Marquis, minimum 50 percent hard vitreous kernels, reasonably well matured and reasonably free from damaged kernels, practically free from foreign materials other than cereal grains, about 1 percent total foreign material including cereal grains other than wheat, about 1 percent durum and 3 percent total wheat of other classes or varieties including durum.

Australia

In recent years, there have been six types of wheat marketed by Australia, and some have been further distinguished according to State where produced. The following are 17 different descriptions which have recently been used:

1. New South Wales Prime Hard; Queensland Prime Hard.
2. South Australia Hard; New South Wales Northern Hard; Queensland Hard.
3. New South Wales Southern/Western FAQ; New South Wales



At a U.S. testing laboratory, an inspector examines a sample for musty, sour, commercially objectionable odors, and other smells that would lower the wheat's quality. Right, a group of technicians of the Argentine Grain Board studies wheat samples.

Northern FAQ; Victoria FAQ; South Australia FAQ; West Australia FAQ; Queensland FAQ.

4. Western Australia Soft; Victoria Soft.
5. Queensland Prime Offgrade; New South Wales Offgrade; Victoria Offgrade.
6. New South Wales Northern Weather-damaged.

Each class does not necessarily exist each year. For example, there was no Queensland FAQ in 1969-70; instead there was a Queensland Hard—so-called because of the higher protein content of the crop.

Australian wheat grades relate to the area in which the wheat was grown and its baking qualities. Each year samples are drawn from every delivery point in each State. These samples are used by the Wheat Standard Committee of each State to determine a composite weighted sample of each class for that State's wheat for that year.

Australia uses a set of standards, the same for all classes, whereby wheat may be separated as "offgrade." Like the numbered U.S. and statutory Cana-



dian grade standards, the Australian offgrade standards are normally permanent. Wheat that weighs under 60 pounds per bushel, or contains over 3 pounds per bushel of unmillable material is graded offgrade. This is based on the imperial bushel which is 3.2 percent larger than the Winchester bushel used in the United States. Normally, whether offgrade or above, Australian wheat to be marketed, must contain no more than 11.5 percent moisture, although an exception for the 1969 season permitted a 12 percent maximum.

Because of special problems in the 1969 season, weather-damaged offgrade wheat was segregated according to the falling numbers test.

Here is a partial listing of the 1969-70 standard sample for New South Wales (Southwestern) FAQ: 63 pounds test weight, 11.2 percent protein (natural), 0.4 percent coarse material, 0.7 percent small entire grains, 1.5 percent broken grains, trace of chaff and dust, for a total of 2.6 percent screenings.

Argentina

In Argentina, the National Grain Board is responsible for grading and issuing certificates of quality for all grain exports. The Grain Board determines seasonal adjustments in tolerances and allowable discounts. Premiums and discounts are associated with the grade and also the area in which the wheat was grown.

Wheat is identified by zone or area in which it was grown, type, grade, and crop year. There are four zones: Rosafé in the north-central, Buenos Aires and Bahía Blanca in the south and southwest, and Entre Ríos in the north. Two types exist in each zone, hard and semihard. Grades 1 through 4 are used, although only the first three are exportable. The Argentine system of grading incorporates a system allowing the maintenance of identity to the foreign buyer.

An inspection department of the Grain Board maintains branches throughout the producing areas of Argentina and arbitrates disputes between buyer and seller at both country and terminal positions.

Wheat shipped from ports north of Buenos Aires is generally known as "Up River," and is usually lighter in test weight, normally trading at a discount. Wheat from Bahía Blanca is referred to as southern.

Here for example are the standards

for Argentina's Grade No. 1: Natural, sound, and dry, minimum 62.5 pounds test weight, maximums of 0.5 percent heat damage, 2 percent total foreign material, 10 percent yellow berry grain, and 0.1 percent smutty grain.

United States

There are six classes of wheat produced in the United States: Hard Red Spring, Durum wheat, Red Durum wheat, Hard Red Winter, Soft Red Winter, and White wheat. Hard Red Springs and Winters and Durum each have three subclasses depending on the percent of dark, hard, and vitreous kernels. White wheat has four subclasses depending on the percent of hard kernels and the percent of White club wheat. There are no subclasses under Soft Red Winter wheat or Red Durum wheat. Mixed wheat exists as a separate class.

For all classes and subclasses, grades exist with set limits for test weight, heat-damaged kernels, total damaged kernels, foreign material, shrunken and broken kernels, total defects, contrasting classes, and total wheat of other classes. Special grades exist with limits on moisture, smut, garlic, weevils, ergot, treated, and heavy wheat. Grades run from U.S. Nos. 1 to 5 and lastly a sample grade. These grades and the maximum and minimum limits for each factor remain unchanged from year to year.

The Consumer and Marketing Service of the U.S. Department of Agriculture maintains a nationwide network of inspection points. Grain is first officially graded at the country elevator, subterminal, or terminal market. If an exported grain makes any reference to a grade it must have been graded under the official grain standards of the United States. Either buyer or seller may call for a reinspection which may be followed by an appeal inspection by a Federal inspector, and when necessary an appeal inspection by a Board of Appeal and Review. The last resort is a direct appeal to the Secretary of Agriculture.

Official standards of the U.S. No. 2 Hard Red Winter wheat are: Minimum 58 pounds test weight, 40 to 75 percent dark, hard and vitreous kernels, maximums 0.2 percent heat damage, 4 percent total damage, 1 percent foreign material, 5 percent shrunken and broken kernels, 5 percent total defects, 2 percent wheat of contrasting classes, and 5 percent of wheat of other classes.

Soviet Union's Cotton Crop, State Purchases Set Records



A field of cotton near Tashkent.

By DAVID M. SCHOONOVER
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The Soviet Union's 1970 cotton crop (as reported by Soviet statistics) has set a new record, reaching at least 6.3 million tons, unginned (9.9 million bales of lint). Government purchases

through October were already of record size, and the harvest was still continuing. It is expected, however, that a continuing uptrend in Soviet domestic utilization, some rebuilding of stocks, and possibly a reduction in imports will restrain export availabilities below the peak levels of 1967 and 1968.

This year's crop is expected to be about 1 million bales more than last year's output and 500,000 more than the previous record crop of 1966. In addition, the crop will produce at least 4.1 million tons of cottonseed, compared with 3.8 million tons in 1969.

Higher cotton output is the result of increases in both area and yields. Cotton area in the midsixties had leveled off at about 6 million acres, but has increased almost 250,000 acres, or 4 percent, since 1968. Seed cotton yields had also stabilized during 1966-68 at around 2,000 pounds per acre, but rose at least 2 percent from this level in 1970, following a sharp decline in 1969.

Stabilization in cotton output during 1966-68 and the decline in 1969 apparently were related to a reduced emphasis on cotton production following the good crops of 1966 and 1967.

In a renewed effort to boost production, domestic cotton prices were raised

an average of 15 percent beginning with the 1969 crop. Earnings per farm household in the cotton-growing Republics are among the highest in the USSR; cotton returns a relatively high profit per output unit.

(The absolute level of Soviet prices bears little relationship to international prices. For example, the average price per pound to Soviet cotton producers for seed cotton in 1968 was 22.6 cents, at the official exchange rate. Soviet currency is not convertible, however, and the official exchange rate is greatly overvalued. However, the relationship of internal prices and profitability recently has acquired greater importance in influencing farm policies.)

In addition to the added price incentive with its apparent effect on inputs, management, and area expansion, favorable weather played a role in the higher cotton yields this year.

In October, four Republics, which produce more than 95 percent of the cotton crop, reported cumulative sales to the Soviet Government of almost 6 million tons (unginned) since the harvest started. This figure implies a total of almost 6.3 million tons was harvested before the end of October.

Following the current harvest, cotton exports could recover strongly from their slumps in 1969 and 1970. Exports dropped from 2.5 million bales in calendar year 1968 to 2 million bales in 1969, and apparently continued to decline in 1970. Net exports dropped even more sharply as imports rose from 628,000 bales in 1968 to 783,000 in 1969. Exports probably will return to at least 2.3 million bales in 1971, but a continuation of the uptrend in Soviet domestic cotton utilization should restrain export availabilities below the peak levels of 1967 and 1968, unless output considerably exceeds 9.9 million bales.

The increase in cottonseed production resulting from the record cotton crop should contribute at least 50,000 tons more cottonseed oil than last year; but this is less than 2 percent of Soviet total vegetable oil production which is dominated by sunflowerseed oil.

USSR COTTON PRODUCTION, DOMESTIC UTILIZATION, AND TRADE ¹

Year ²	Production		Imports	Exports	Apparent domestic utilization	
	Seed cotton	Lint cotton			Total	Per capita
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	Lb. per person
1960-61	4,289	1,458	142	383	1,217	12.3
1961-62	4,518	1,536	150	344	1,342	13.3
1962-63	4,304	1,463	226	322	1,367	13.4
1963-64	5,210	1,771	145	394	1,522	14.7
1964-65	5,285	1,797	183	458	1,522	14.5
1965-66	5,662	1,937	173	508	1,602	15.1
1966-67	5,981	2,056	144	534	1,666	15.6
1967-68	5,970	2,040	137	554	1,623	15.1
1968-69	5,948	2,031	170	452	1,749	16.1
1969-70	5,710	1,953	³ 170	³ 375	³ 1,748	15.9
1970-71 ⁴	6,300	2,155	150	505	1,800	16.2
1970-71 ⁵	6,600	2,255	150	555	1,850	16.6

¹ One metric ton of lint cotton equals 4.593 bales, each of 480 lb. ² Production from crop harvested in first year; trade and utilization in second year. ³ Estimate or forecast; trade and utilization data are approximate indications, with exports in terms of apparent exportable supplies. ⁴ Low estimate for year. ⁵ High estimate for year.



Using the theme "The best from America at A&O" the German chain promoted U.S. foods ranging from turkey, left, to bread, bottom.

German Chain Stages Largest U.S. Food Promotion

The 7,100 stores of West Germany's A&O supermarket chain recently staged an all-out promotion of U.S. food items—the largest and most successful effort since USDA-sponsored supermarket promotions began on the European Continent in 1966.

Using the theme "Das beste aus Amerika bei A&O"—the best from America at A&O—the chain keyed its promotion of 30 U.S. food products to a "modern image" campaign of friendly service, high quality foods, and reasonable prices.

For the month-long promotion, which began the last week in October, A&O initially bought \$1.1 million worth of U.S. food products in addition to its normal purchases. However, demand was so great that by the second week executives of A&O predicted that sales would hit \$1.5 million.

U.S. products singled out for special attention included Hawaiian pineapple and pineapple juice; California fruit, rice and wax beans; Florida citrus juices; honey, almonds, prunes, sour cherries, rolled turkey roast, and chicken and turkey parts.

Publicity in the A&O *Der Hausfrau* magazine as well as large-scale newspaper and radio coverage, attracted droves of shoppers to the A&O stores, which were decorated in red, white, and blue. Special opening day festivities were held during the last week in October in several German cities.

This promotion was the largest of five such point-of-purchase programs being carried on this year by German food organizations in cooperation with USDA and American food firms. Other successful promotions were conducted by the German chains of TEUTO-MARKET, ESBELLA, KOMA-NORD, and LATSCHA.

In each of these promotions, the German food firm agreed to purchase a specified amount of U.S. foods in addition to its normal purchases. The firm also agreed to introduce new U.S. food items to its inventory and to feature the U.S. products in special advertisements and displays.



Argentine Beef Exports

Cut by High Domestic Prices Plus Short Supplies

Although Argentina, the largest exporter of beef in the world, has firm demand for its output in Europe, shipments during the last quarter of 1970 are expected to be below those of the equivalent period in 1969. Further, total 1970 Argentine beef exports may fall below 1969 levels in spite of the Government's active drive to expand foreign sales of meat and meat products.

This slowdown in exports is the result of not enough beef being brought to market within Argentina to satisfy strong domestic demand and at the same time provide for export requirements. Accentuating this situation have been rising domestic prices for beef on the hoof, which exporters claim have now become so high that they cannot sell abroad profitably. Argentina traditionally has had the lowest priced beef exports in the world in addition to having the largest.

Also, traditionally, its own people have eaten large quantities of beef and veal. In fact, they consume more per person than the people of any other country in the world. In 1969 they ate

about 182 pounds per person per year. (In the United States, per capita beef consumption was about 114 lb. in 1969.) So far, although domestic prices have risen sharply and in-country beef consumption has fallen somewhat, the Argentines continue to prefer beef to chicken, pork, lamb, and mutton.

The decline in slaughter of Argentine cattle has had several contributing causes. A drought over much of the chief cattle region—the western and northern Pampa—in June through August hindered cattle from making normal weight gains for market. Then in mid-September when the rains came, producers retained light-weight cattle to feed on the new grass until they were up to desired market weight. Rising beef prices also encouraged owners to hold cattle on feeds until they reached heavier market weights.

Also, after the record slaughtering of 1969 (Argentina exported more beef and veal in 1969 than in any other year on record since 1927), beef herds were somewhat reduced and producers tended to retain young animals—especially

heifers—to provide for future expansion if prices remained high.

The export meat industry several times requested Government action to allow it to continue to compete in world markets. The first Government response was to mandatorily reduce slaughter for domestic consumption by 15 percent effective September 28, 1970, in the hopes of channeling more of the available beef to exports. When several packingplants stopped buying beef for export and started laying off workers, the Government took added measures.

By October 13 domestic slaughter was reduced a total of 30 percent. Also, sales of steers over 880 pounds for domestic consumption were prohibited for 60 days effective October 8. (However, this regulation was later discontinued as being ineffective.) On the same day, export taxes were reduced from 20 percent to 5 percent on beef quarters, from 8 percent to nothing on cooked-frozen beef, and from 6 percent to nothing on various beef cuts for 30 days. In November this measure was extended to be effective for 1 year. An export rebate of 6 percent was also given on cooked-frozen beef.

The Government in November also instituted special tax and credit measures to try to increase cattle production and export slaughter. Tax benefits are allowed for retention of breeding cows and sales of heavy steers. In addition, national packinghouses are eligible for special financial credit for operations.

The supply-demand squeeze on Argentine beef should ease somewhat in late 1970 and early 1971 when the heavier cattle that have gained weight on the new Pampa grass begin to come to market. However, it seems likely that during the first part of 1971 beef supplies will at times be insufficient for both domestic and export goals and that beef prices will be under domestic and export market pressure to increase.

The long-range solution to Argentina's beef problem is an increase in cattle numbers, and there are indications that this trend is occurring from the high retention of heifers in current herds. But producers are currently caught between the choice of selling heifers at high prices in order to repay debts or receiving possible long-term benefits of expanding their beef herds.

—Based on dispatches from

GORDON LLOYD

U.S. Agricultural Attaché, Buenos Aires

Laboratory worker and his assistant test beef samples to see if meat fulfills export requirements. Laboratory is in new meat packing-plant in Argentina.



CROPS AND MARKETS

Livestock and Meat Products

U.S. Meat Trade Up in September

The value of livestock, meat, and meat product exports in September, at \$44.6 million, was up 5.6 percent from the same month of 1969. The growth in the value of exports outpaced imports, which at \$110.8 million were up only 2.9 percent. Most of the growth in the value of exports occurred in the area of variety meats and animal fats. On the import side, owing to the importation of a \$3-million race horse from Ireland, most of the increase in value came in the live animal category of horses, asses, mules, and burros.

Animal fat exports were up in every category this September compared with last: lard exports at 27.9 million pounds, were up 28.5 percent; inedible tallow and greases, at 145.5 million pounds, were up 3 percent; and edible tallow and greases, at 3.7 million pounds, were triple their year-earlier level.

The United Kingdom is the largest export market for lard and has traditionally accounted for almost one-half of total world lard imports. U.S. lard exports to the United Kingdom totaled 21.8 million pounds in September, compared with 16.3 million last year.

India is the largest export market for inedible tallow and greases; but in September exports to this country, at 34.2 million pounds, were about 2.6 million below their level of a year ago. Greater inedible tallow exports to Pakistan and South Korea more than offset the reduced shipments made to India this year.

In 1969 Canada was the largest foreign market for edible tallow and greases but thus far into 1970 this position has been held by Japan, with Canada a close second. In September, inedible tallow and grease shipments to Japan totaled about 2 million pounds out of a total for the month of 3.7 million. During all of 1969 we exported only 10,000 pounds of edible tallow to Japan.

Variety meat exports recuperated sufficiently in September to bring their 9-month total above that of the same period last year. Variety meat exports in September, at 22.7 million pounds, were about 3.3 million above the 19.4 million of last year owing to larger shipments to the European Community.

Total red meat imports in September, at 164.4 million pounds, were down only slightly from the 171.4 million of a year earlier. Lamb and mutton imports were below their year-earlier levels but were partially offset by greater imports of prepared and preserved beef.

Imports of mutton in September totaled only 176,000 pounds, compared with 5.7 million a year earlier. The decline

was due to the temporary U.S. ban on imports of Australian mutton owing to sanitary requirements.

Reduced shipments from both Australia and New Zealand accounted for the drop in September lamb imports, which, at 2.7 million pounds, were about 2.5 million short of last year's. In September imports of Australian lamb totaled 1.6 million pounds, compared with 2 million a year ago, and entries from New Zealand amounted to 1.1 million compared with 3.2 million in September 1969.

Canned corned beef imports, at 9.6 million pounds in September, were up 25.3 percent from a year ago. Most of the increase was a result of greater imports from Paraguay, which totaled 1.9 million pounds this September compared with only 431,000 pounds in the same month last year.

Imports of preserved beef and veal valued at over 30 cents per pound (consisting predominantly of cooked frozen beef packed in cryovac) totaled 10.2 million pounds in September

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	September		January-September	
	1969	1970	1969	1970
	1,000	1,000	1,000	1,000
Animal fats:	pounds	pounds	pounds	pounds
Lard	21,706	27,886	176,668	264,531
Tallow and greases:				
Inedible	141,196	145,475	1,452,355	1,610,120
Edible	1,209	3,651	10,526	18,224
Meats:				
Beef and veal	1,828	1,734	19,447	21,071
Pork	10,325	10,339	107,953	39,920
Lamb and mutton	91	56	1,216	836
Sausages	487	319	3,828	2,883
Meat specialties	271	547	2,990	2,968
Other canned	688	703	7,243	5,987
Total red meats ¹	13,686	13,693	142,676	73,658
Variety meats	19,399	22,684	167,303	170,053
Sausage casings (animal origin)	1,172	1,015	8,607	9,036
Animal hair, including mohair	1,288	979	14,453	10,744
Hides and skins:				
Cattle parts	2,182	895	25,564	9,192
	1,000	1,000	1,000	1,000
	pieces	pieces	pieces	pieces
Cattle	1,230	1,239	10,804	11,524
Calf	72	86	993	729
Kip	38	38	346	167
Sheep and lamb	214	241	2,200	2,161
Horse	7	18	48	123
Goat and kid	17	16	267	542
Livestock:	Number	Number	Number	Number
Cattle and calves	4,071	2,125	27,743	22,111
Sheep, lambs, and goats	8,578	12,136	96,186	100,187
Hogs				
Horses, asses, mules, and burros	1,151	2,659	12,955	13,957
	553	256	8,237	37,651

¹ May not add due to rounding. Bureau of the Census.

—up 40.2 percent from the same month last year. Shipments from Argentina, the largest supplier, totaled 8 million pounds compared with only 6.3 million last year and accounted for almost all of the increase this September compared with last.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	September		January-September	
	1969	1970	1969	1970
Red meats:				
Beef and veal:				
Fresh, chilled, or frozen: pounds	1,000	1,000	1,000	1,000
Bone-in-beef	1,683	1,655	13,357	17,938
Boneless beef	112,621	104,949	780,857	838,087
Cuts (prepared)	181	3,797	1,205	13,462
Veal	1,445	813	17,171	16,014
Canned beef:				
Corned	7,689	9,636	68,378	69,408
Other, including sausage	3,289	2,849	16,557	23,525
Prepared and preserved	7,282	10,213	49,539	55,692
Total beef and veal ¹	134,186	133,912	947,059	1,034,124
Pork:				
Fresh, chilled and frozen	2,743	4,405	33,746	43,829
Canned:				
Hams and shoulders	18,175	17,707	175,412	184,873
Other	2,609	2,548	22,111	24,881
Cured:				
Hams and shoulders	114	99	1,484	1,119
Other	307	332	2,810	2,892
Sausage	267	309	2,531	2,698
Total pork ¹	24,217	25,399	238,096	260,298
Mutton and goat	5,681	186	43,596	39,094
Lamb	5,261	2,714	33,095	33,276
Other sausage	758	890	6,247	7,800
Other meats	1,249	1,331	9,184	13,200
Total red meats ¹	171,351	164,430	1,277,278	1,387,791
Variety meats	453	792	3,055	6,855
Edible and inedible tallow and grease				
562	748	9,503	5,570	
Meat extract	55	156	672	792
Wool (clean basis):				
Dutiable	5,122	3,634	72,846	69,386
Duty-free	7,134	7,552	74,967	57,544
Total wool ¹	12,254	11,185	147,814	126,929
Animal hair	176	232	4,665	1,801
Hides and skins:				
Cattle parts	45	166	261	1,328
Sheep skins pickled and split				
729	680	6,778	9,577	
1,000	1,000	1,000	1,000	
pieces	pieces	pieces	pieces	
Cattle	26	36	229	293
Calf and kip	33	16	528	429
Buffalo	23	25	369	182
Sheep and lamb	1,507	848	19,198	15,668
Goat and kid	349	36	3,987	2,896
Horse	6	9	147	142
Pig	46	16	525	566
Livestock:				
Number	Number	Number	Number	
Cattle ²	11,990	18,179	549,494	755,764
Sheep	1,743	76	3,424	1,970
Hogs	1,043	5,290	8,046	53,592
Horses, asses, mules, and burros	285	446	2,566	2,644

¹ May not add due to rounding. ² Includes cattle for breeding. Bureau of the Census.

Imports of prepared beef cuts totaled 3.8 million pounds in September, bringing the 9-month total to 13.5 million. Imports of prepared beef cuts totaled only 1.2 million pounds during the January-September 1969 period.

Live hog imports from Canada, at 5,290 head were arrested somewhat in September compared with the flow of previous months. Live hog imports reached a high of 13,734 head in July and averaged 6,038 head per month through August.

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Price Report

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Nov. 25	Change from		A year ago
		previous week		
	Dol.	Cents	Dol.	
	per bu.	per bu.	per bu.	
Wheat:				
Canadian No. 2 Manitoba	2.08	-2	1.93	
USSR SKS-14	2.07	(¹)	1.78	
Australian Prime Hard	(¹)	(¹)	(¹)	
U.S. No. 2 Dark Northern				
Spring:				
14 percent	2.08	-1	1.85	
15 percent	2.11	-2	1.91	
U.S. No. 2 Hard Winter:				
13.5 percent	1.99	+1	1.73	
Argentine	(¹)	(¹)	(¹)	
U.S. No. 2 Soft Red Winter ..	1.87	-2	1.55	
Feedgrains:				
U.S. No. 3 Yellow corn	1.72	-1	1.49	
Argentine Plate corn	1.87	-1	1.78	
U.S. No. 2 sorghum	1.61	-2	1.46	
Argentine-Granifero	1.60	-7	1.47	
Soybeans:				
U.S. No. 2 Yellow	3.38	+1	2.72	

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Fats, Oils, and Oilseeds

India's Oilseed Meal Exports Increase

India, the world's third largest exporter of oilseed meals in 1969, will register a substantial increase in exports this year.

During January-June, India's meal exports totaled 470,000 metric tons—20 percent above the comparable volume of 390,000 for the same period a year ago. The increase principally reflects larger availabilities of peanuts from the 1969 crop.

About 60 percent of India's exports move to East European countries, including the Soviet Union. Other major destinations include the United Kingdom and Japan, which account for over one-fourth of the total.

India's total exports of meal are expected to exceed 800,000

tons in calendar 1970 against 710,000 in 1969.

If preliminary estimates of the 1970 harvests prove correct, India's meal exports in calendar 1971 could approach the 1964 record of 1 million tons. Peanut meal is expected to account for the bulk of the increase.

INDIA'S OILSEED PRODUCTION AND MEAL EXPORTS

Year	Peanut ¹	Cotton-seed ²	Rape-seed ³	Lin-seed ³	Copra ⁴	Total
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons
Production of seed:						
1965	4,231	2,008	1,276	503	270	—
1966	4,411	2,008	1,228	335	274	—
1967	5,731	2,312	1,567	260	275	—
1968	4,631	2,138	1,572	438	280	—
1969	5,143	2,225	1,450	329	280	—
1970 ⁵	6,400	2,269	1,600	415	280	—
Exports of cakes and meals:						
1965	764	105	⁶ 8	1	20	898
1966	617	151	⁶ 20	12	19	819
1967	569	138	⁶ 18	5	7	737
1968	710	117	⁶ 12	14	6	859
1969	527	90	⁶ 64	23	9	713
January-June:						
1969	303	53	⁶ 22	8	4	390
1970 ⁵	370	62	⁶ 27	8	3	470

¹ Harvested in September-January of year shown. ² Harvested in September-April of year shown. ³ Harvested in January-April of year shown. ⁴ Harvested throughout the year. ⁵ Preliminary. ⁶ Other cakes and meals including rapeseed.

Tobacco

Dominican Republic Considers Cigarette Tax

The Executive Branch recently sent to the Senate of the Dominican Republic a proposed new tax on domestically produced cigarettes. The proposal would place a tax of 16 U.S. cents on a package of 20 cigarettes made from blonde (imported) tobacco and only 7 U.S. cents on a package of 20 cigarettes made from black (domestic) tobacco. A package of 10 cigarettes of imported tobacco would be taxed at 13 U.S. cents, while 10 cigarettes of domestic tobacco would be taxed at 3.5 U.S. cents.

This tax treatment in favor of cigarettes manufactured from domestically produced tobacco is in addition to an import duty of \$1.82 per pound on unmanufactured tobacco and \$0.65 per package of imported cigarettes. The Dominican Republic imported 3.3 million pounds of tobacco in 1969, all from the United States. U.S. exports of cigarettes to the Dominican Republic were 15.4 million in that year. The new excise tax would make it more difficult for U.S. and other imported tobaccos to compete with native production.

While the Dominican Republic's production of flue-cured and burley has been insignificant to the present time, a part of the proceeds from the proposed tax may go to stimulating their production. Most of the proceeds from this tax would go into the federal treasury, but the equivalent of 1 U.S. dollar collected on each thousand packages sold would be used by

the Dominican Republic's Secretary of Agriculture to develop domestic tobacco production.

Canadian Flue-Cured Tobacco Sales

Marketing of the 1970 Canadian flue-cured crop began Thursday, November 5, with average prices a little higher than on opening day last season. A total of 1,914,000 pounds of tobacco was sold the first day at an average price of 59.8 U.S. cents per pound, compared with 1,423,000 pounds at an average of 59.3 U.S. cents in 1969. Opening day prices are traditionally lower than the overall average for the crop.

Current estimates place the 1970 Ontario flue-cured crop at about 196 million pounds, well above the target of 172.5 million. The 1969 Ontario crop was 226.3 million pounds out of a record Canadian flue-cured output of 240.1 million.

As a result of the continued upward trend in prices of Canadian tobacco, Marcel Lessard—recently appointed Parliamentary Secretary to the Canadian Minister of Agriculture—told producers on the opening day of sales that they may be pricing themselves out of business. Mr. Lessard said growers have two basic choices: "Either you meet the challenge (of increased competition) by reducing your production costs and the price of your product, or you start looking around for something else to produce."

Sugar and Tropical Products

FAO Releases World Cocoa Estimates

The Cocoa Study Group's Committee on Statistics of the Food and Agriculture Organization of the United Nations (FAO) has released their first estimate of 1970-71 world cocoa bean production and consumption. The Committee has estimated 1970-71 world production at 1,353,000 metric tons, off nearly 5 percent from the 1969-70 harvest of 1,422,000 tons, which was the second largest of record. World grindings for 1971 were forecast at 1,378,000 tons, up slightly from the expected 1970 grind level of 1,357,000 tons.

If the Committee's estimates for 1971 are realized, world stock drawdown of about 39,000 tons (after allowing for a 1-percent weight subtraction for loss in moisture) will occur following a modest surplus this year.

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Foreign Agriculture

U.S. Farm Exports To Hit New High (Continued from page 3)

will benefit from the high quality of this year's flue-cured crop and the continuation of the export payment programs, but these will be more than offset by increased U.S. prices. The United States will ship more to many countries because of the continued U.N. economic sanctions against Rhodesia; although substantial competition in major markets such as the United Kingdom and West Germany from nontraditional areas such as Korea, Mainland China, and others is a major factor in the expected reduction of U.S. exports. Commercial sales for dollars (including barter for overseas procurement and Commodity Credit Corporation credit sales) are expected to account for more than 95 percent of 1970-71 tobacco exports from the United States.

Rising demand for U.S. cotton

Cotton exports in 1970-71 are expected to pick up slightly from the 2.9 million bales exported in 1969-70, with the gain limited by the supply of cotton available for export. The 1970 U.S. cotton crop estimate of 10.6 million bales is only 6 percent above last year's small crop, but demand is up substantially with increased consumption in several textile manufacturing countries and somewhat smaller production in the foreign free world. Offsetting the production decline in some countries is substantial increase in Soviet cotton production. Manmade fiber output in the foreign free world in calendar year 1969 was equivalent to about 31 million bales—a 13-percent increase over 1968—and production gains are expected to continue in 1970 and 1971. Manmade fiber production has been expanding rapidly in Japan, the EC, United Kingdom, and many Communist countries.

Mixed trends in livestock and dairy exports

Total export values of animals and animal products in 1970-71 are expected to expand—primarily due to higher prices for animal fats and increased volume of cattle hides. Shipments of inedible tallow may show relatively little change from the 1,850 million pounds in 1960-70, but lard exports may show some gain from the 302 million pounds a year earlier. Exports of hides and skins should total around 25

million pieces in 1970-71, compared with 21.8 million pieces in 1969-70, as demand continues strong for leather products in the developed countries. However, leather substitutes have cut into the demand for hides and skins from the United States somewhat.

Exports of meat and meat products will probably decline from the \$140 million level exported in 1969-70, primarily because of reduced pork import requirements in Japan. In 1969-70, Japan purchased 29 million pounds of pork; but with increased domestic production this year, it is expected to limit pork import licensing.

Exports of dairy products should show a slight gain from \$109-million worth exported in 1969-70. Nonfat dry milk, under Government programs to developing countries, will account for most of the gain. Exports of poultry meat also may show some gain from the \$55-million worth exported in 1969-70. With increased per capita income and demand for meat in many countries, U.S. poultry is an excellent buy.

Improved outlook for fruits and vegetables

The outlook for fruit and vegetable exports in 1970-71 is favorable for most items. The sharp rise anticipated in citrus production should boost U.S. exports of oranges and grapefruits. However, exports of canned peaches may be down from the \$20-million worth exported in 1969-70, because of the 20-percent reduction in California's clingstone crop. Overall, U.S. fruit exports may gain slightly from the \$341-million worth exported in 1969-70; although some lowering of unit values may be expected with the gain in production.

Vegetable exports will vary little from the record \$209-million worth exported in 1969-70. While Canada is still the best customer for U.S. fresh vegetables and fruits, the Caribbean is taking increased shipments to meet tourist demand for high quality fruits and vegetables. However, expanding Caribbean production will supply some of this increased demand. Smaller U.S. production of dried beans and peas, coupled with lower quality for some beans, weakened their export prospects while European production is resulting in more competition for U.S. processed fruits and vegetables.